GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:4114
ANSWERED ON:27.03.2017
CLCSS and CGFT Schemes
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Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the aims and objectives of the Credit Linked Capital Subsidy Scheme and Credit Guarantee Fund Trust Scheme meant for Micro, Small and Medium Enterprises (MSMEs) in the country;

(b) whether the Government has achieved the aims and objectives of the said schemes;

(c) if so, the details thereof and if not, the reasons therefor;

(d) the credit flow to the MSME sector and the growth registered by this sector during each of the last three years and the current year ;

(e) whether the Government has received complaints of denial/reluctance by Financial Institutions in extending credit to MSME Sector during the said period;

(f) if so, the details thereof and the reasons therefor, Financial Institution- wise; and

(g) the corrective steps taken/being taken by the Government to ensure adequate credit flow and to improve growth rate of the MSME sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARATHIBHAI CHAUDHARY)

(a)to(c): The aims and objectives of Credit Linked Capital Subsidy Scheme (CLCSS) are to facilitate technology up-gradation in MSEs by providing capital subsidy of 15%, limited upto Rs.15.00 lakhs, on institutional finance availed by them for induction of well-established and improved technology in the specified 51 sub-sectors / products approved under the scheme.

The aim and objective of Credit Guarantee Scheme for Micro and Small Enterprises (MSEs) is to enable provision of collateral free credit facility to MSEs by providing guarantee against default for loan up to Rs.2.00 crore obtained by MSEs from eligible member lending institutions.

Since inception of CLCSS Scheme till 28-02-2017, Rs. 2607.87 Crore amount of subsidy have been released benefiting 43987 MSEs. Similarly, since its inception (till 28-2-2017)under Credit Guarantee scheme for MSEs, 27,37,632 proposals involving guarantee coverage of Rs. 126806.15 crore have been approved.

(d): Outstanding Credit to Micro, Small and Medium Enterprises by Scheduled Commercial Banks is as under:

<pre>
As on Amount of Outstanding credit to MSME Sector
(Rs. in crore)
31-Mar-13 8,69,025.35
31-Mar-14 10,39,930.72
31-Mar-15 11,71,026.05
31-Mar-16 12,16,007.11
</pre> Source: RBI

(e)&(f): Banks after due diligence using their commercial discretion may approve / sanction loan to MSMEs subject to viability and eligibility of the proposals. No details and reasons therefor of denial / reluctance by financial institutions in extending credit to MSMEs is maintained by the Ministry of MSME.

(g): In terms of the recommendations of the PM's Task Force on MSMEs, RBI has advised the banks as under:

I. Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;

II. The allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010−11, 55% in the year 2011−12 and 60% in 2012−13; and

III. Achieve a 10% annual growth in number of micro enterprise accounts.

Achievements of these are being monitored continuously by the RBI and the Government.